

COUNTY EMPLOYEES' ANNUITY & BENEFIT FUND OF COOK COUNTY
And Ex-Officio for the
FOREST PRESERVE DISTRICT ANNUITY & BENEFIT FUND
MEETING OF THE BOARD OF TRUSTEES
33 N. DEARBORN STREET-STE. 1000
CHICAGO, ILLINOIS 60602

Minutes for August 11, 2011 Health Benefits Committee Meeting

The County Fund and the Forest Preserve District Fund are herein collectively referred to as the "Fund".

Call to Order and Roll Call.

Trustees Present: Robert Agnes, Robert Benjamin, Patrick McFadden, and John E. Fitzgerald.

Staff Present: Daniel R. Degnan, Executive Director, Angela McMillin, Director of Health Benefits.

Others Present: Mitch Bramstaedt, Vice President, The Segal Company, Christopher Heppner, Vice President, The Segal Company, Peter Kavanaugh, Consultant, The Segal Company, Jill Whiteman, Senior Health Benefits Analyst, The Segal Company.

1. Review and Consideration of:

It was moved by Trustee McFadden and seconded by Trustee Benjamin that the minutes of the July 28, 2011, Health Benefits Committee be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

2. Segal Presentation

Segal reviewed highlights from 2011 that included the PPO fee increase, plan design changes and the unified/non-unified plan extension. Segal also reviewed renewal results, cost projections and plan design considerations for 2012.

Segal reviewed the initial medical renewal results with no changes to the network or medical plan design and indicated that the results were positive. The HMO plans renewal equated to a 0.3% increase while the PPO Admin Fee increased 5.5% with an opportunity for a further reduction of 1% for a change in network offerings. Initially BCBSIL indicated the HMO renewal rates would incur a 7.9% increase and the PPO Admin Fee could increase as high as 7% for 2012 and 4% for 2013. Further negotiations by Segal and Ms. McMillin resulted in reductions in the Physician Service Fees and risk factors as well as administration fees which in turn reduced overall rates.

The favorable renewal rates for 2012 are a result of improved Prescription Drug Pricing by participating in the City Agencies Coalition, relatively stable PPO expenses, and lower than historical HMOI results.

Segal and Ms. McMillin then presented the following options to the Committee for discussion.

a. BCBSIL HMO Network Options

Ms. McMillin and Segal explained that the only difference between the two existing HMO Networks was that Classic includes Northwestern and HMOI does not. However, there is a pricing disparity between the two based on the historical utilization of the old Unicare now Classic product. Ms. McMillin explained that though the plan designs are identical, the utilization and pricing differential between the two create significant challenges for renewal negotiations while offering no long-term advantage to members.

The consolidation of the two existing HMO networks into a new Classic HMO and introducing a true lower cost option was suggested as a solution. The BCBSIL Blue Advantage Network would be introduced as a lower cost alternative by not including Northwestern, Loyola, St. Anthony or North Shore Medical Group. This would create a more stable product offering by leveling the price disparity between the two existing HMO networks and introducing a second less costly option based on the network design. The Trustees discussed whether offering the BCBSIL Blue Advantage Network after consolidating was necessary. Ms. McMillin indicated that it was not necessary however adding the Blue Advantage network would result in a less costly similar option that could give financial relief of 7% to members wishing to move.

It was moved by Trustee Agnes and seconded by Trustee Benjamin to recommend to the Board a merger of the HMOI Network and the Classic HMO and an introduction of Blue Advantage HMO for approval.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. Prescription Drug Copays

Ms. McMillin reviewed the existing copay arrangement for members and compared it to the market demonstrating that the Fund structure is very competitive. Ms. McMillin further reviewed the members cost sharing state which has decreased over the last two years. She recommended the Committee consider increasing the copay for generics by \$5 (mail and retail) and preferred/non-preferred by \$10 (mail and retail) in order to bring the copay structure more in line with the market.

It was moved by Trustee Agnes and seconded by Trustee Benjamin to recommend to the Board an increase in the prescription drug copays as presented.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

c. Annuitant PPO Cost Sharing for Non-Medicare Medical

Mr. Fitzgerald reviewed the historical Annuitant/Fund PPO cost-share. Disparities in utilization against expenses for the Fund and Annuitant were discussed as the Committee reviewed the impact of changes. A range of changes to the contribution was reviewed.

It was moved by Trustee McFadden and seconded by Trustee Agnes to recommend to the Board that the cost-share be change to 50%/50% from 45%/55% for the Annuitant Non-Medicare Medical cost.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

d. Survivor PPO Cost Sharing for Non-Medicare Medical

Mr. Fitzgerald reviewed the historical Survivor/Fund PPO cost-share. Disparities in utilization against expenses for the Fund and Survivor were discussed as the Committee reviewed the impact of changes. A range of changes to the contribution was reviewed.

It was moved by Trustee McFadden and seconded by Trustee Agnes to recommend to the Board that the cost-share be changed to 35%/65%% from 30%/70% for the Survivor Non-Medicare Medical cost.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

3. Adjournment

There being no further business to come before the Committee upon a motion duly made and seconded the meeting was adjourned.